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RON PEMSTEIN/WARSAW

THE COOLING OF THE HOT HOUSES

ANNCR:

LAST DECEMBER THE POLISH GOVERNMENT INTRODUCED A HIGHER TAX ON THE HOT HOUSES AROUND WARSAW THAT GROW FLOWERS AND OUT OF SEASON VEGETABLES. CORRESPONDENT RON PEMSTEIN VISITED THE HOT HOUSE DISTRICT RECENTLY TO SEE WHAT THE NEW TAX HAS MEANT. HERE IS HIS REPORT

VOICE:

KRZYSZTOF MATERZYNSKI IS GOING OUT OF BUSINESS. HE HAD BIG PLANS ONCE. WITH TWO THOUSAND SQUARE METERS ALREADY UNDER GLASS, HE HAD LAID THE FOUNDATION FOR ANOTHER ONE THOUSAND METER HOT HOUSE. ALL HE NEEDED WAS THE GLASS, BUT HE WON'T BOTHER NOW.

MOST OF THE PROBLEMS OF MATERZYNSKI AND HIS FELLOW HOT HOUSE OWNERS ARE WELL KNOWN EVERYWHERE. THE COST OF FUEL FOR HEATING, OTHER EXPENSES AND SHORTAGES ARE COMMON. IT COSTS MORE TO PAY WORKERS, AND NOTHING IS AVAILABLE AT THE GOVERNMENT PRICE -- SO FENCING AND SEEDS COST MORE.

BUT WHAT REALLY IS DRIVING MANY OF THE HOT HOUSES OUT OF BUSINESS IS THE TAX. BEFORE LAST DECEMBER, IT WAS NINETY ZLOTY PER SQUARE METER FOR FLOWERS AND FORTY-FIVE FOR VEGETABLES. NOW EVERY SQUARE METER COSTS FIVE TIMES AS MUCH. MANY OWNERS SAY THEY CAN'T AFFORD TO RAISE FLOWERS AND OUT OF SEASON VEGETABLES AT THOSE TAX RATES.

A FEW YEARS AGO THE HOT HOUSE OWNERS AROUND WARSAW WERE BELIEVED BY MANY PEOPLE HERE TO BE GETTING RICH. SOME HAVE NICE HOUSES AND CARS. "YES, WE WERE WELL OFF," ADMITS ONE OWNER," BUT A CAR ISN'T A LUXURY FOR US. IT'S ESSENTIAL

BECAUSE WE LIVE OUTSIDE THE CITY AND WE CAN'T BUILD ANY MORE BECAUSE THE CHIEF ARCHITECT HAS FORBIDDEN INVESTMENTS IN HOUSING.'

POLISH AGRICULTURE EXPERTS SAY THEY HAVE HEARD THE COMPLAINTS OF THE GARDENERS, AND THEY AGREE THAT THE TAX POLICY ISN'T ALWAYS A SENSIBLE ONE. ALTHOUGH IT CANNOT BE CONFIRMED, THE HOT HOUSE OWNERS CLAIM THAT TAX REVENUES HAVE ACTUALLY DROPPED BY MORE THAN HALF SINCE THE RATE WAS RAISED. THEY SAY THAT IS BECAUSE SO MANY HOT HOUSE OWNERS HAVE DECIDED TO LEAVE THE BUSINESS THIS YEAR.

THE TWENTY-SEVEN YEAR OLD MATERZYNSKI PLANS TO CLOSE DOWN IN JANUARY. HE WILL CONVERT TO A GREENHOUSE WHERE THE TAX RATE IS MUCH LOWER, AND THE ONLY FUEL NEEDED IS THE SUN. KRZYSZTOF WILL ALSO GAMBLE BY PLANTING OUT-OF-SEASON TOMATOES ON HIS THREE HECTARES OF LAND. IF HE CAN AVOID A FROST, HE WILL MAKE MONEY. IF NOT, HE LOSES. BUT THE HOT HOUSE, WHICH HIS FATHER STARTED FOURTEEN YEARS AGO, IS CLOSING DOWN. MATERZYNSKI IS CONVINCED THE AUTHORITIES WILL BE FORCED TO CHANGE THE TAX REGULATION, BUT HE SAYS HE CAN'T AFFORD TO WAIT.

GH/PBM